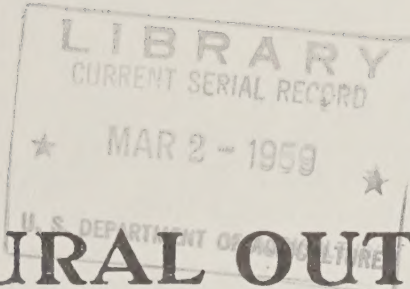


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# the AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.



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Rising consumer income is supporting a strong demand for food.

A new income peak was reached in November when the rate was 3% above a year earlier. Further economic recovery and settlement of disputes in the automobile industry have brought increases in employment, wage rates and the work week.

Higher levels of income and employment are likely in the months ahead. This expectation is reinforced by recent surveys which indicated businessmen will begin to step up outlays for new plants and equipment in early 1959. Reduced spending for these purposes was a major cause of weakness in the economy the past year.

Record supplies have brought declining prices to farmers since spring, despite the strong consumer demand. The November index was 5% below April and May, the year's peak, but was still 4% above November 1957.

Wholesale prices of industrial commodities have risen with the pickup in economic activity. These increases have been reflected in prices farmers pay, particularly for motor vehicles and farm machinery. Farm wage rates also are up. Prices paid by farmers for commodities, interest, taxes and wage rates averaged 3% above a year earlier in November. The rise in prices paid combined with lower prices received reduced the parity ratio to 81 in November. This was 7% below the 1958 peak of 87 in March, and the same as a year earlier.

LIVESTOCK. Hog slaughter soon will rise above a year earlier as animals from the sharply increased fall crop begin coming to market. Prices to farmers will decline and are likely to be considerably below a year earlier by spring.

Slightly larger market supplies of fed cattle this winter than last are expected. Numbers on feed January 1 probably will be up from last year. Slaughter weights are likely to continue heavy. Prices are likely to decline during the period of heavy marketings this winter with heavy animals discounted considerably. Slaughter of grass cattle will continue relatively small the next several months.

Seasonal rise in lamb prices this winter may be less than usual. Number on feed is higher than in any of last 3 years. Also, larger supplies of fed cattle will offer increased competition to lambs.

DAIRY. Farmers are selling more milk and butterfat this year than last, despite slightly smaller production. This means that the long-time trend toward smaller consumption of milk on farms continued. Prices received are down a little so cash receipts from milk total a little under the 1957 record. But receipts from calves and cull cows--"byproducts" of the dairy enterprise--rose considerably because of higher prices and increased culling.

EGGS. Production the next couple of months is likely to run 5 to 7% above last year. More layers are on farms and, in line with the long-time trend, production per layer is likely to be at a new high. Prices to farmers are expected to average well below a year earlier.



**BROILERS.** Currently, broiler supplies are running close to 15% above a year ago. By the end of February, the increase is likely to be closer to 20%. Increased production probably means substantially lower prices than in early 1957.

**SOYBEANS.** Record 1958 crop has lowered prices. Average to farmers in October-November was \$1.91, lowest in 15 years. Record volume is being stored by farmers under support program.

About 375 million bushels of 1958 soybean crop are expected to be crushed in 1958-59 ... about 90 million exported ... total is about 24 million larger than last year. Adding in feed and seed uses, disappearance will fall short of the supply by about 100 million bushels. Such a carryover would be 79 million bushels more than on October 1 this year.

**FEED.** Demand is strong as increasing livestock and poultry production boost feed requirements. Despite record supplies, November prices for feed grains and hay averaged only 3 to 4% lower than a year earlier ... high protein feeds were up 14%. Also helping maintain prices, compared with last year, are the higher quality of the corn and sorghum grain crops.

Corn will not be under acreage restrictions next year as a result of the vote for the new program in the November 25 referendum. Price support under the new program will be based on 90% of the average price received by producers for the 3 preceding calendar years, but not less than 65% of parity. National average support price for 1959 crop is estimated at around \$1.12 to \$1.15 per bushel. Commercial corn area has been abolished and all producers in the country will be eligible for support at the same national average rate.

**WHEAT.** Farmers are placing large quantities from the 1958 record crop under loan. Total through November 30 was 472.1 million bushels.

**FRUIT.** First estimate of total orange and tangerine production for 1958-59 is for a 14% increase over the freeze reduced crop of 1957-58. The 126.6 million box crop is nearly 3 million above average. Demand for fresh use and for processing is strong but prices during the first half of 1959 are likely to average below same period of 1958 when they rose rapidly.

Grapefruit crop also is up ... from 39.8 million boxes in 1957-58 to  $42\frac{1}{2}$  million this year. Lemon production, forecast at  $15\frac{1}{2}$  million boxes, is down 1.4 million.

**POTATOES.** A winter crop 16% smaller than in 1958 was forecast as of December 1. Early spring producers plan a 19% smaller acreage than in 1958. But supplies from 1958 late fall crop will continue large for several months and prices to producers are likely to remain well below a year earlier.

**COTTON.** Supply for 1958-59 is estimated at 20.4 million bales, 2 million below last year and the least since 1952-53. Disappearance may total about  $12\frac{1}{4}$  million...  $8\frac{3}{4}$  million in U.S. and around 4 million for export ... leaving the carryover next August 1 a little below the 8.7 million bales carried over into this year. This would be the third consecutive reduction in year-end stocks.

**TOBACCO.** National acreage allotment for flue-cured tobacco is same as for 1958. Most individual farm allotments are unchanged. Quotas and allotments for other kinds for 1959 will be announced by February 1.